

**CITY OF MORGAN HILL
SPECIAL AND REGULAR CITY COUNCIL MEETING AND
SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES
WEDNESDAY, APRIL 10, 2002**

CALL TO ORDER

Mayor/Chairman Kennedy called the meeting to order at 5:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Sellers, Tate and Mayor/Chairman. Kennedy
Late: Council/Agency Member Chang (arrived at 6:45 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council Action

**1) LIBRARY COMMISSION AND PARKS & RECREATION COMMISSION
INTERVIEWS**

Council Services and Records Manager Torrez recommended that the City Council interview applicants for Library Commission followed by interviews for the Parks and Recreation Commission.

Library Commission

Ms. Torrez advised the City Council that Bill McCann was not available to interview this evening but that he would be available to interview either on April 17 or April 19.

Council Member Tate stated that he would like to have incumbents complete the work that they have been involved with as they have been a strong team (allow incumbents to complete their charge).

Council Member Sellers indicated that he tries to incorporate the strengths of Commissioners. He stated that he would like to appoint the five applicants interviewed this evening, as the new applicants would add fresh ideas, new energy and would make a difference as part of this commission.

Council Member Tate stated that he would support adding the new applicants to the Commission as they each would bring in different expertise.

Mayor Pro Tempore Carr concurred with the appointment of the five candidates interviewed this evening and felt that it would be great to bring on new individuals to this committee.

Action: *By consensus, the City Council appointed Einar Anderson, John Boyne, Charles Cameron, Charles Dillmann, and Mary Ellen Salzano to the Library Commission to two years terms with terms ending April 1, 2004.*

Ms. Torrez informed the City Council that based on the Council's appointment of 5 Commissioners this evening, resulting in a 9-member Library Commission, that staff may need to return to the City Council with a proposed ordinance amendment to accommodate 9 Commissioners to the Library Commission.

Parks & Recreation Commission

Ms. Torrez advised the City Council that an application was received in today's mail from Jess M. Ambriz, expressing interest in serving on the Parks and Recreation Commission. Ms. Torrez advised the City Council that Mr. Ambriz was out of state but that he would be available via telephone.

The City Council interviewed the following individuals: Mark Frederick, Robert L. Graham (phone interview) Daniel J. Kenney, Marilyn Librers (phone interview), Wesley C. Riley, and Wayne Tanda.

Recreation Manager Spier advised the City Council that she received a call today from an individual interested in serving on the Parks & Recreation Commission. She advised this individual that the filing period to submit an application for this Commission had closed.

Action: *It was the consensus of the City Council to **interview** only those applicants who submitted their application by the closing filing period.*

Action: *Based on Council votes, the following individuals were **appointed** to the Parks & Recreation Commission: Mark Frederick, Daniel J. Kenney, Wesley C. Roley, and Wayne Tanda.*

The City Council concluded the interview process at 7:15 p.m.

RECONVENE

Mayor/Chairman Kennedy convened the special meeting at 7:20 p.m. He advised the citizens in attendance that the City Council just concluded their interview session to fill vacancies on the Library and Parks & Recreation Commissions.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor/Chairman Kennedy, John Ray led the Pledge of Allegiance.

PRESENTATION

Assistant to the City Manager Eulo identified the Environmental Poster Contest winners as follows: Grades K-3: Matt Danne (1st place), Steven Marquez (2nd place), Earnest Yip (3rd place); Grades 4-6: Sean

Phillips (1st place), Adam Chiri (2nd place), Jamie Bossio (3rd place); grades 7-8: Jina Park (1st place), Yesenia Ponce (2nd place), Chris Anderson (3rd place); and grades 9-12: Kailyn Hasbrouck (1st place), Melissa Ballard (2nd place), Collen Kalland (3rd place).

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to comments for items not appearing on this evening's agenda. No comments were offered.

City Council Action

CONSENT CALENDAR:

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **approved** Consent Calendar Items 2 and 3 as follows:*

2) **RECOMMENDED APPOINTMENT OF DENNIS P. DELISLE TO THE SOUTH COUNTY JOINT PLANNING COMMITTEE**

Action: **Accepted** Mayor Pro Tempore Carr's Recommendation to Appoint Dennis P. Delisle to the South County Joint Planning Committee.

3) **SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 3, 2002**

Action: **Approved** the Minutes as written.

City Council and Redevelopment Agency Action

Action: *On a motion by Mayor Pro Tempore/Agency Member Carr and seconded by Council/Agency Member Sellers, the City Council, on a 4-0-1 vote with Council/Agency Member Tate abstaining, **approved** Consent Calendar Item 4, as follows:*

4) **SPECIAL AND REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF MARCH 27, 2002**

Action: **Approved** the Minutes as written.

City Council Action

OTHER BUSINESS

5) **PRESENTATION FROM THE MORGAN HILL COMMUNITY HEALTH FOUNDATION**

John Ray, Executive Director of the Morgan Hill Community Health Foundation stated that this is a report

on behalf of the Foundation from the Joint Planning Task Force.

Ted Fox, CEO for St. Louise Regional Medical Center, presented a progress report in regards to the Task Force, including objectives and accomplishments. Also to be addressed are current opportunities, initiatives and actions. He stated that in December 2001, a Joint Planning Task Force was formed involving the Daughters of Charity Health System, the Morgan Hill Community Health Foundation and St. Louise Regional Hospital, who came together and started working to execute a work plan as described by the City Council on December 5, 2001. The first meetings were held in early January, 2002, and have been held every two weeks since that time. At the Council's December meeting, the Council requested periodic reports from the Joint Planning Task Force, and stated that this was the first of those reports. He informed the City Council the first thing that was accomplished was to establish a work plan and a budget to map out the activities and time schedules for each activity; as well as the sub-areas and objectives that need to be accomplished in order to maintain the progress on the work plan. The group tried to work through the problems related to issues regarding health care needs and meeting these needs. The Task Force commissioned and completed the Health Care Needs Assessment by the Camden Group. A joint approach was developed with respect to physician recruitment. The Task Force was able to develop a good/working relationship between the community, as represented through the Foundation, and St. Louise Regional Hospital. He reported that the Foundation has found a friend in the Health Trust, receiving a \$50,000 grant from the Health Trust to assist and fund the Morgan Hill Health Services Plan. He introduced Gary Allen, CEO of the Health Trust.

Gary Allen, Health Trust CEO, stated that it was a great pleasure to play a small part in this venture. The Trust is excited in terms of the players that are involved. He believes that this is an exciting time to put some strategic planning together for the region and to participate in this capacity. He is looking forward to some exciting results.

Mr. Ray informed the City Council that the Camden Group is a nationally recognized healthcare market planning/market assessment firm. They have done a lot of work for the Daughters of Charity Hospitals in California. The methodology used by the Camden Group was to interview 25 individuals consisting of residents, business and civic leaders, physicians and social service providers to find out the full range of community needs. They spent a lot of time analyzing publicly available information relating to demographics, health service usage, and population forecast, including future growth patterns for south county. He addressed the Camden Group's key findings. He indicated that the Camden Group looked at four options: 1) reopen the former St. Louise as an acute care hospital (this is not recommended to be done because of insufficient demand at this time); 2) use the facility for out patient services and medical offices; 3) build a new ambulatory facility with medical offices; or 4) support what exists now (decentralized). He indicated that the Camden Group recommends that the Foundation and the Daughters of Charity, along with St. Louise Regional Hospital, should work collaborative to evaluate and plan for future development of health care services in Morgan Hill. Focus should be given to discovering the feasibility of the former St. Louise Hospital site. It is believed that the former hospital site is the only potential hub site in Morgan Hill without going through the process of developing and building something new. He stated that a cost analysis has not been conducted, noting that there are issues relating to financial feasibility and physician support. The second set of recommendations concern long term care. He said that the Camden Group recommend that the Foundation/City help address the shortage of long term care. The third recommended action was

to work with employers to evaluate health insurance purchasing decisions and program service needs.

Mr. Fox addressed current opportunities, initiatives and actions. He indicated that St. Louise Regional Hospital is actively recruiting physicians into the area, with some expressing interest in locating their practices in the Morgan Hill area. The main area they are focusing recruitment efforts is in primary care. He stated that it is important to retain the existing business base. The group is looking at ways to retain and work with physicians with existing practices in Morgan Hill; specifically, to try to address office space constraints or other problems being experienced. The group has been looking at the potential use of the medical office building located on the St. Louise Hospital campus as a possible solution to medical office building and space constraints for new and existing physicians; and also the possibility of housing laboratory services and out patient services. He indicated that there are unresolved legal issues, and that there is an existing option of the facility, etc. He indicated that the group is working on these issues. He said that alternative sources of funding for planning and the programmatic initiatives are being sought. He indicated that the group will continue to work on the collaboration and to keep the Council informed of where it is going and what is being done. He thanked the Council for its help and support as the group moves forward.

Council Member Sellers stated that one issue being asked about by community members is physician recruitment. He requested elaboration on what the Foundation is doing to enhance this effort.

Mr. Ray responded that the Foundation Board considered a program proposal to fund a physician recruitment effort. The funds would be used to help physicians overcome the two major obstacles of locating in Morgan Hill: 1) the lack of existing medical office space; and 2) the high cost of housing. The proposal was approved by the Foundation Board and it was his belief that the Board would be coming before the City Council at one of its upcoming meetings seeking approval of the proposal. He informed the City Council that St. Louise Hospital has a fairly expensive and extensive physician recruitment effort underway, noting that it is not cheap, and is heavily regulated by the federal government in order to prevent fraud and abuse. He informed the City Council that they are invited to a reception April 10 at 6:00 p.m. at the home of Rocke and Glenda Garcia to meet with two physician candidates who are interested in coming to Morgan Hill.

Mayor Kennedy congratulated Mr. Ray, Mr. Fox and Mr. Allen for their collaborative efforts and their interest in restoring medical services to the community. He said that the city has come a long way and is pleased to see the progress being made. He is looking forward to a continued, long lasting, and healthy relationship with the Daughters of Charity.

Mayor Pro Tempore Carr congratulated the Foundation for its positive report. He also thanked them for continuing to keep the policy objectives of the City in mind. He inquired as to the next steps to be taken.

Mr. Fox stated that St. Louise will aggressively continue the physician recruitment. He said that one thing that can be done is to recruit physicians into its market area. He stated that the City Council can be of assistance in persuading individuals to locate practices in Morgan Hill. It is the intent to continue the efforts of looking at the potential services that can be placed in the local area. There is an interest in the St. Louise facility as what the business world calls a non performing asset. He stated that the group has an interest in working together with community to see what can be done with the old facility.

Council Member Sellers said that two years ago, the community was looking bleak as there was an organization that was intent on eliminating medical services. Tonight provided a validation of the efforts undertaken in the last two years. He was encouraged by the Foundation's efforts. He stated that he would be supportive of the efforts being undertaken to bring additional health care services to Morgan Hill in order to make sure that it continues in the right direction.

Council Member Chang stated that she is the happiest person in the Council Chambers this evening. She is pleased to see the development and work that are taking place.

Council Member Tate stated that he met with a couple of potential physician recruits while he was in Scottsdale, Arizona. He stated that if this was the caliber of physicians being recruited, he felt that the City would be in good shape.

Actions: *By consensus, the City Council **Received** and **Accepted** Report.*

Action: *By consensus, the City Council/Agency Commission agreed to consider Agenda Item 7 at this time.*

7. **SELECTION COMMITTEE FOR AQUATICS COMPLEX ARCHITECTS**

Recreation Manager Spier presented the staff report.

Mayor Kennedy recommended that Mayor Pro Tempore Carr and he be appointed to serve on the Selection Committee.

Action: *On a motion by Agency Member Sellers and seconded by Agency Member Tate, the City Council unanimously approved the appointment of Mayor Pro Tempore Carr and Mayor Kennedy to serve on the selection committee for Architectural services of the aquatics center.*

City Council Action

6. **FIRE AND EMERGENCY MEDICAL SERVICES PLAN IMPLEMENTATION**

Assistant to the City Manager Eulo presented the staff report, summarized the recommendations of the Master Plan, and identified the seven implementation steps recommended by staff as listed in the staff report. He indicated that based on Santa Clara County's renewing its contract with AMR, the fire departments that are providing paramedic services are getting some reimbursement that they were not getting before the City established the agreement. It was his belief that the reimbursement was approximately \$85,000 per year for responses within the City of Morgan Hill. He stated that it was the consultant's analysis that this was money that should be used to off set the city's cost for paramedic service, which was a supplemental agreement entered into by the city with County Fire.

Mayor Kennedy stated that his questions relate to financial impacts. He requested an update of the City's

financial status.

City Manager Tewes said that the budget for fire service is approximately \$1.5 million, 10% of the City's budget. He noted that the Council had directed staff to develop a balanced budget next year, which would assume 5% savings across the board, with the exception of fire contract and medical services. This would assume some dipping into the substantial reserves identified in the past. He stated that this is a tough year for the City, and indicated that reserves were established for this purpose. Staff does not anticipate that the economy will always be this glum. He noted that the report identifies some of the actions taken by the Council to meet this challenge, including: 1) setting up strong reserves, including special reserves for some of these costs; and 2) reserving \$1.2 million for future implementation of the fire master plan. He stated that members of the community are concerned about the city is building new community facilities, and their maintenance costs. He said that the Council's strategy has been to require that before a project begins, business plans be prepared to demonstrate that there are substantial opportunities to recover the operating costs. This would require a commitment to user charges and fees that may be at levels which the community has not experienced before. It is staff's belief that the City can continue sustaining marginal increases in staffing to reflect a marginal increase in population. Staff stated that making room in the General Fund for \$1.5 million will be a challenge, but that staff believes that this can be done. To start, staff will need to find out what the City's long range cost will be. If the City can enter into a favorable agreement for an extension of the current contract, the City will be in much better shape to do future planning. He said that the fact that the City has a long range contract for fire service is important to the City's long range financial planning, noting that this contract will expire in 2005. He indicated that staff would like to get a head start in renegotiating a contract. He clarified that the \$1.5 million is identified by the master plan as the total annual operating cost of all of the recommendations, noting that the master plan recommends that they be phased in. The master plan suggests that the annual \$1.5 million would be the total annual cost, in today's dollars, of the full implementation of the master plan. He said that staff is suggesting that the City takes some steps that would establish the contractual relationship with the South County Fire District, with opportunities for some immediate service improvements. Staff would begin discussions with County Fire to see if the City can extend its contract beyond its current expiration date, and take advantage of some of the recommendations in the master plan for additional staffing.

Mr. Eulo clarified that staff is not recommending authorization to expend funds this evening.

Mayor Kennedy stated that should the master plan be adopted as a guiding document, the action would result in the expenditure of \$1.5 million in additional costs.

Council Member Tate stated that it was his belief that the Council is directing staff and committee actions to address the feasibility of how to achieve the master plan. He felt that the recommendation was put together in a way that minimizes the City's risk. It is being recommended that the City not take action to increase staffing levels when it is not known what the increase in staffing would cost three years from now. Staff is recommending that they be allowed to investigate whether this cost can be determined earlier than 3 years from now. The Council would be adopting the master plan as an overall guiding document that states that it may take \$1.5 million to implement, but that the City is not budgeting the \$1.5 million until it is understood where these funds are coming from. He felt that this is the appropriate recommendation.

Council Member Sellers inquired if there were other opportunities for community revenue sources? He inquired what is the range of options for increased revenues?

City Manager Tewes said that increased taxes would be necessary to finance public safety services in the future. Any increased taxes come about by increasing the city's tax base. There is a significance in a retail attraction strategy so that the City can increase its tax base. If the City is to increase tax revenues on an existing base, it would require voter approval. He said that the options range from measures that are general in nature to measures that are specific. He noted that general taxes require a majority vote, while special taxes require a two-thirds vote. He said that finding \$1.5 million in the budget would require new revenue sources, and does not need to be tied directly to the change in fire services. He stated that some of the challenges for the General Fund are that there will be future expenditures of general fund monies to pay for capital projects such as the new police station or the expansion of city hall. He stated that these items could be taken to the voters, relieving pressure on the general fund and making room for the implementation of the fire master plan.

Council Member Sellers did not recommend that the City consider community support, but that the City determine what the needs are and how best these could be attained. He stated that there is assumption with recommendation 5 about the downtown task force. He said that the committee has taken on an enhanced scope of work from Tennant Avenue to Cochrane Road. He noted that it does not go as far east as Highway 101. He stated that he did not want to limit the city's option by limiting the area.

Mr. Eulo stated that ideally, it would make sense to site the new fire station at Butterfield, and that it would be preferable to keep it east of the railroad tracks so that there are two stations on either side of the tracks. He did not believe that citing for a city center fire station beyond Highway 101 would be anticipated.

City Manager Tewes noted that the scope of work for the downtown plan does not extend as far as Highway 101, but that it does go to Butterfield Boulevard. He stated that the master plan suggests that Butterfield and Dunne Avenue would be a good location for the fire station. Staff wanted to make sure that the group planning the downtown is taking this into account so that conflicts are not built in. Also, to be taken into consideration is land use compatibility issues.

Council Member Sellers referred to recommendation 6 that recommends a working group made up of local developers and fire professionals. He recommended that consumer oriented community members at large be included.

Mr. Eulo recommended that the General Plan Task Force be invited to participate with this issue.

Mayor Kennedy stated that the city tries to appoint individuals from special interest groups for the committees established, and that the average citizen at large tends to be ignored. He stated that he would like to see a better representation of the average citizen on all of these types of committees.

Council Member Tate stated that he is looking at the recommendations in context of the fire master plan. He noted that there are several pressures being placed on the general fund, such as the maintenance and operations of new public facilities. He inquired whether the City should supplement the general fund just

for fire services, or whether we should look at all the pressures of the general fund and study the best way to supplement funding across all general fund supported expanded activities. Regarding recommendation 5, he said that the City is looking at other public facilities such as a new police department. He inquired whether you can co-locate a police station with a fire station?

Mr. Eulo was not sure where the discussions of co-location of public facilities would lead, and that he was not sure whether this would be feasible.

Council Member Tate stated that he would like to explore all possibilities and not limit it to a fire station, only to find out later that, because it was limited to just the fire station, the City cannot co-locate other facilities.

City Manager Tewes stated that the courthouse site on Butterfield Boulevard is an obvious place to start looking, noting that the Redevelopment Agency is acquiring an eight-acre parcel pursuant to an agreement with a county. However, pursuant to this agreement, the County is reserving six of the eight acres for the courthouse. This would leave two acres for the police station. It was his hope that within the eight acres, all three facilities could be accommodated.

Mayor Kennedy felt that Santa Clara County Fire could be an ally in working with the County to get some of the eight-acre space. He clarified that should the City Council approve staff's recommended action this evening, it would not be tying the city into the budget expenditures indicated in the master plan report.

Mayor Pro Tempore Carr noted that the recommendation is that the City Council direct staff to proceed with conversations; and that staff would return to the City Council with the results of the conversation for further input before any action is taken.

Mayor Kennedy opened this item to public comment.

Ben Lopes, Acting Fire Chief for County Fire, stated that it is his hope to bring closure to the long planning process. While he has enjoyed the opportunity to work with citizens and staff on the fire protection in Morgan Hill, it is nice to look forward to seeing some potential enhancements to protect the community. He said that some of the enhancements in the master plan are non-emergency related, such as public education, ALS services, and enhancements to these services utilizing citizens rather than with just emergency responders. It was his belief that implementation of these enhancements, while not a major cost factor, will greatly improve services to the City. He concurred that there are approximately 3+ years remaining on the contract. He views this as a lengthy term where there are several planning cycles for annual budgets to discuss improvements to fire services. He recommended the expansion of the scope of discussions from what is included in the report. The \$1.5 million enhancement of fire services at build out was brought to the Council's attention. He stated that he would like to explore incremental implementation at far less than the \$1.5 million per year. One recommendation down the road, depending on the budget and the economic climate, would be the expansion of staffing in the companies one person at a time. He indicated that this is one of the considerations being discussed with South County Fire, and that he would like to see it as one of the considerations discussed with County Fire as well. He would like to discuss long term extension of the contract, and include the exploration of incremental implementation of \$1.5 million;

but that he was not sure that waiting to the end of the contract or awaiting the construction of a new fire station is the right time to enhance staffing. He reiterated that County Fire would like to discuss incremental staffing in addition to the proposal that staff has put before the City Council.

City Manager Tewes agreed with Chief Lopes' suggestion, and stated that it was not staff's intention to suggest that the City begin negotiation of a long term extension of the existing contract so that the City would immediately jump to the full implementation of the Fire Master Plan. He agreed that the city needs to discuss how the Master Plan is to be implemented in logical increments of service and cost.

Council Member Tate said that the problem, as he sees it, is that the City needs another fire person. If the City puts the master plan in place, and 2.5 years from now costs increased so that the City would need to cut back, he did not believe that the community would agree to reduction of something that they already had for a couple of years. He stated that the City would like to discuss the extension of the contract at this time so that the City can plan on a stable basis. It was his belief that the City is trying to implement what is being suggested by Acting Chief Lopes, as he believes that additional personnel are needed, especially at the El Toro Fire station. However, Council Member Tate felt that financial parameters need to be put into place so that fire safety can be implemented responsibly.

Chief Lopes stated that County Fire would not expect the City to commit to a fourth fire fighter at El Toro without knowing the price. He suggested that a long term arrangement should not be agreed upon before discussing the component and the marginal increase. He felt that discussions on a long term, or an extension to the existing contract, and discussion of incremental staffing can be undertaken in parallel, and need not be tied together.

Art Marshall, President of the Santa Clara County Fire Fighters, stated that he appreciated the economic times that we are in, but expressed concern with safety in south county. He did not believe that one fire department in south county responds safely to a structure fire. He stated that the minimum safe standards in the fire industry include 13 individuals. He noted that Morgan Hill has grown since County Fire entered into a contract with the city in 1995. He said that County Fire is responding six individuals to a structure, and receiving help from other departments, noting that this is below minimum standards. He stated that since 1995, Morgan Hill has grown with incremental increases in staffing, adding benefits to the entire department since that time. For the safety of fire personnel, he would like to see incremental staffing growth in Morgan Hill approved so that it would not be increased all at once. He said that calls are increasing, home sizes are increasing, fires are getting larger, and that more individuals need to be sent to fire calls. There is uncertainty with the future financial situation, and the plan recommended a third place on a south county engine; but yet, the City does not want to talk about the El Toro station getting a fourth staff personnel instead of South County. He noted that El Toro fire station is the one committed to this community. He recommended that money be put into staff at El Toro.

Mayor Kennedy clarified that the city is not stating that it wants to wait until the last minute to negotiate the contract. He stated that the City would like to get started with negotiations as soon as possible.

City Manager Tewes stated that in both instances, staff believes that there should be contracts. Staff is recommending that the City Council allow staff to explore with both agencies the notion of contracts to

provide for the implementation of the master plan recommendations. He stated that everyone is pursuing this in good faith and good will in providing services to the community as well as maintaining fire fighter safety. However, staff believes that this should be done pursuant to negotiated agreement on both sides. As the City discusses extending the contract, there should be an establishment of phasing.

Council Member Chang stated that in looking at the current financial situation and a \$20 billion shortage in the state budget, and the city's budget also in a shortfall, she did not see implementation of programs unless the city establishes some real finance sources. She stated that Mr. Marshall's concern would be discussed as part of contract negotiations.

Fire Marshall Lopes apologized to the City Council regarding the 3% @ 50 retirement and its impact to the City. He stated that he should have come to the City right away and given notice of this. He indicated that his focus was on PERS, because it was his belief that because the City gave its police 3% @ 50, it would also give fire fighters 3% @ 50.

No further comments were offered.

Council Member Sellers stated that staff presented a sound report and that it provided clarity and direction. He was pleased to see that the City was looking seriously at including Butterfield Boulevard as a location for a fire station, as it made sense to co-locate public facilities. It made sense to: 1) get contract negotiations underway sooner rather than later, as it is a financial benefit for the City to do so; and 2) look at incremental staffing increases. He felt that it was important to keep the new fire station central to Morgan Hill, noting that there is not an even distribution on services based on population and the need.

Council Member Tate said that he was pleased to be going through this process, as it is a priority issue. He stated that the general fund has to be spent on safety, as this is a fundamental service that needs to be provided to the community. As the City moves forward with its new capital improvements, that the city needs to make sure that gaps do not exist that would tax what needs to be put into safety services. He recommended that the City Council keep focused on the right priority. He stated that he concurred with staff's recommendation.

Council Member Chang said that whatever is done for the future, she would like to see a five-year projection of the budget. She stated that she was deeply concerned about the City's budget, noting that this would be a major expansion of the general fund. She felt that the City needs to look at where it stands and how general funds are to be used.

Mayor Pro Tempore Carr noted that Council Member Tate said that adding a third fire fighter to the company station at South County Station was one of the priorities.

Council Member Tate clarified that there were three priorities as listed in Appendix A of the staff report. He stated that the Task Force did not conduct an analysis of the pros and cons of a fourth person at El Toro, versus a third person at the South County Fire station.

Mayor Pro Tempore Carr said that he would like to review the documents a little further, as this is an

important part of the general fund. He stated that he would like to know the pros and cons of adding a fourth person at El Toro before a third person is added to the South County fire station. He felt that this was a lot of information on how this affects the community for those who were not a part of the task force or the hearings. He asked staff how it expects the City Council to take in and absorb the presentation of so much information?

City Manager Tewes responded that should the recommendations be adopted, among the things that will happen is that the Finance and Audit Committee will start looking at revenue issues. Staff is recommending that the City Council direct staff to return on a quarterly basis with progress reports. He said that staff would start without delay to meet with the two agencies and begin the conversations. Staff would report back to the City Council on the progress being made. This would give the City Council the opportunity to discuss what is taking place on a quarterly basis, or more often, as necessary.

Council Member Sellers felt that staff would return with interim reports as contracts get negotiated and issues develop. He felt the City Council has full latitude to do all the things discussed this evening and keep consistent with the City's budget and its ability. He did not see this action as tying the city's hand, but as giving the Council a direction that would allow it to proceed more comfortably in the future.

Actions: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Adopted** staff's recommended action, directing staff to consider incremental staffing and studying the pros and cons of a fourth staff member at El Toro versus a third staff member at the South County Fire station.*

City Council and Redevelopment Agency Action

CLOSED SESSION:

City Attorney/Agency Counsel Leichter announced the below listed closed session item.

1.

CONFERENCE WITH LEGAL COUNSEL - POTENTIAL AND EXISTING LITIGATION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Legal Authority:	Government Code 54956.8 & 54956.9(a) & (c) (1 potential case)
Real Property(ies) involved:	APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Cochrane Road (St. Louise Hospital property)
City Negotiators:	Agency Members; Executive Director; Agency Counsel; F. Gale Conner, special counsel; Rutan & Tucker, special counsel
Case Name:	San Jose Christian College v. City of Morgan Hill
Case Numbers:	USDC Northern California No. C01-20857 RMW
Closed Session Topic:	Potential Existing Litigation/Real Estate Negotiations

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the closed session item to public comment. No comments being offered, public comment was closed.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to closed session at 9:28 p.m.

RECONVENE

Mayor Pro Tempore/Agency Member Carr reconvened the meeting at 9:46 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that the City Council/Agency Board authorized the defense against the lawsuit filed by San Jose Christian College.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 9:47 p.m.

MINUTES RECORDED AND PREPARED BY

IRMA TORREZ, City Clerk/Agency Secretary